



Denison Mines (USA) Corp.
1050 17th Street, Suite 950
Denver, CO 80265
USA

Tel : 303 628-7798
Fax : 303 389-4125

www.denisonmines.com

June 5, 2012

Karen Clementson
US Army Corps of Engineers
St George Regulatory Office
321 N. Mall Drive Suite L-101
St George, Utah 84790

RECEIVED

JUN 08 2012

DIV. OF OIL, GAS & MINING

Re: Jurisdictional Determination of 20.32 acres; Pandora Mine Location: Section 5, Township 29 South, Range 25 East, New Mexico Prime Meridian, San Juan County, Utah.

Denison Mines send you a Joint Permit Application Form for the above referenced project site on March 16, 2012. You responded on March 29, 2012 indicating that this project potentially involved activities in waters of the United States; however, Denison and our contractor SWCA believe that there is some confusion about the presence of jurisdictional waters in the area. You spoke with Steve O'Brien of SWCA on April 12, 2012 regarding the status of these waters and Denison hopes that the enclosed technical memorandum from Mr. O'Brien will help to establish a jurisdictional determination for the area.

Please contact Christy Woodward at (303) 389-4136 with any questions or concerns as well as steps needed to move the project forward.

Yours very truly,
DENISON MINES (USA) CORP.

A handwritten signature in blue ink that reads "Christy Woodward".

Christy Woodward, PE
Environmental Coordinator

Encl.

Cc: Denison Mines (USA) Corp., File
Darren Rassmusen, Utah Department Natural Resources, Division of Water Rights
Paul Baker, Utah Division of Oil, Gas and Mining
Rebecca Doolittle, US Bureau of Land Management, Moab Field Office
Joel Nowak, US Forest Service – Manti-La Sal National Forest

Technical Memorandum

To: U.S. Army Corps of Engineers Regulatory Program
St George Office – Regulatory Division
321 North Mall Drive, Suite L-101
St. George, Utah 84790-7310

From: SWCA Environmental Consultants

Date: May 31, 2012

Re: **Jurisdictional Determination of 20.32 acres at the Pandora Mine, La Sal, San Juan County, Utah / SWCA Project No. 23170**

SWCA Environmental Consultants (SWCA) conducted a preliminary jurisdictional determination (JD) to evaluate the extent of waters of the U.S. (WUS) on a 20.32-acre property at the Pandora Mine, east of La Sal, Utah. This letter contains the required submittal items (Appendices A–D) for JD review.

The project area is located in Section 1, Township 29 South, Range 24 East in San Juan County, Utah (Figures 1 and 2). Midpoint latitude/longitude coordinates are approximately 38.3079° N, 109.2193° W.

The purpose of this evaluation is twofold: 1) to document whether any natural or constructed drainages on the project area meet the definition of WUS as described by 33 Code of Federal Regulations (CFR) 328.3 that would be subject to federal regulation under Section 404 of the Clean Water Act (22 United States Code 1344), and 2) if WUS are be present, to determine the limits of federal jurisdiction (as outlined in 33 CFR 328.4–5).

This JD was completed on behalf of the Denison Mines (USA) Corp. (the Applicant). Development of the project area may result in impacts to ephemeral drainages that may be considered WUS by the U.S. Army Corps of Engineers (USACE), which requires compliance with the Clean Water Act Section 404 permitting program. We are seeking an approved JD, not a preliminary JD per Regulatory Guidance Letter 08-02.

Aerial imagery (Appendix A) of the project area and graphics depicting potential WUS (Appendix B) are provided, and site photographs mapped on Appendix B are provided in Appendix C. The agent authorization letter and property ownership documentation (Appendix D) are included in this JD application for submittal.

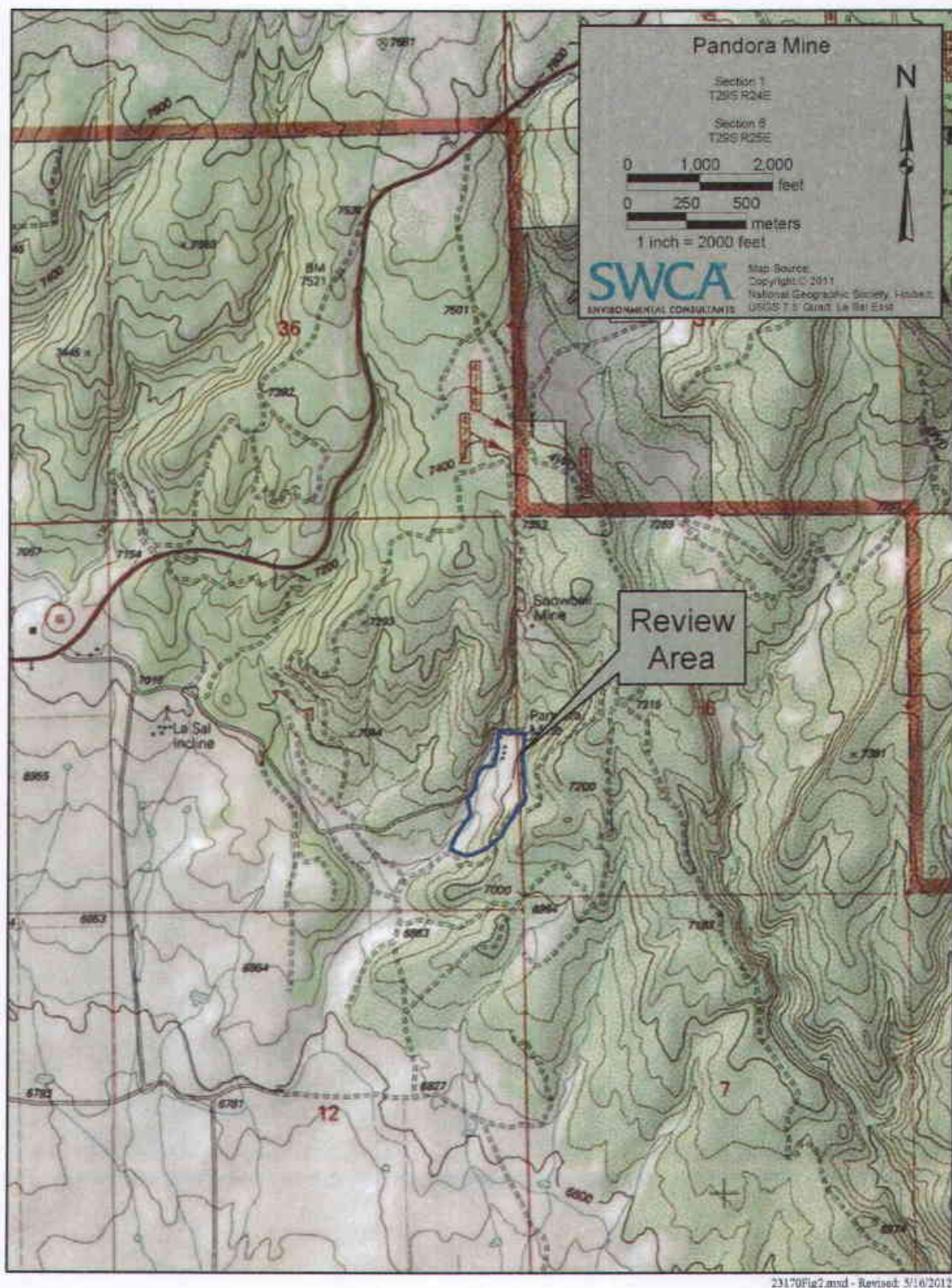


Figure 2. Review area location.

PROJECT AREA SETTING

The project area lies east of the town of La Sal in a small valley near the base of Pine Ridge. The project area consists of an existing uranium mine surrounded by native terrain and vegetation. Elevations range from 6,900 feet at the bottom of the valley to 7,050 feet along the eastern ridge. The valley is northeast-southwest trending, and terrain generally slopes from sandstone ridges into the valley and out toward the southwest. Many defined dirt roads surround the adjacent ridges outside the project area. There are no permanent surface water features in the project area, and no wetland vegetation or stands of deciduous broad-leaved riparian trees are present.

Adjacent properties include predominantly undeveloped portions of the Manti-La Sal National Forest. Further to the north and west are similar sized uranium mines. A network of forest and other dirt roads is present throughout the surrounding area.

METHODS

SWCA personnel reviewed recent aerial photographs of the area and conducted a field reconnaissance to identify and map, if present, the limits of potential WUS within the boundaries of the project area using the ordinary high-water mark (OHWM). Federal regulations define the OHWM as "the line on the shore established by the fluctuations of water and indicated by the presence of characteristics such as clear, natural line impressed on the bank, shelving, changes in the character of soil, destruction of terrestrial vegetation, the presence of litter and debris, and/or other appropriate means that consider the characteristics of the surrounding area" (33 CFR 328.3[e]). Additional physical characteristics that the USACE may consider indicators of the OHWM are listed in guidance developed by the USACE.¹

During field reconnaissance, SWCA personnel observed shallow soil profiles and vegetation, and searched for indicators of wetland hydrology at several locations surrounding the existing disturbed area. Ground-level photographs of the project area are provided in Appendix C.

POTENTIALLY JURISDICTIONAL AREAS

Based on the results of the fieldwork and review of aerial photography and topographic maps, no potentially jurisdictional drainages or special aquatic sites are present within the project area.

NON-JURISDICTIONAL DRAINAGES

There are no discrete and/or continuous drainage features in the project area. No seeps or springs are in the area, and precipitation events do not appear frequent or strong enough to have developed any distinct channels through the valley. Runoff likely collects over the moderately sloping valley as overland sheet flow or absorbs into the ground locally. Small erosional features are present in limited areas, but are generally not considered jurisdictional. Various amounts of alluvium have developed gradually over time on the valley bottom, consisting of combinations of sand, silt, and loam.

WETLAND INDICATOR OBSERVATIONS

SWCA observed shallow soil profiles, vegetation, and indicators of wetland hydrology at several locations surrounding the existing disturbed parts of the project area.

¹ U.S. Army Corps of Engineers (USACE). 2005. Regulatory Guidance Letter No. 05-02. Dated June 14, 2005.
Preliminary JD of 20.32 Acres at the Pandora Mine, La Sal,
San Juan County, Utah / SWCA Project No. 22370
May 31, 2012

The northwest area of the site consists of a drainage where runoff from uphill flows and collects for a short period before draining away through a culvert under a road. The culvert was not clogged and appeared to be effectively draining water away from this area. No channel was evident in this area. Plants observed in the northwest area included wheatgrass (*Agropyron* sp.), sagebrush (*Artemisia tridentata*), foxtail barley (*Hordeum jubatum*), and Utah juniper (*Juniperus osteosperma*). A representative soil profile for the northwest area of the site is as follows:

0-6"	7.5YR 5/3 clayey silty loam
6+"	7.5YR 4/3 silt

Additionally, one small depression (approximately 10 × 30 feet) near the culvert represents the lowest elevation in this area and was the "wettest" of all soils site-wide. However, even this sub-area should not be considered a wetland due to non-hydric vegetation (100% foxtail barley; indicator status: facultative [FAC]), the lack of hydrologic indicators, and the lack of nexus to any jurisdictional wetland. A representative soil profile for this depression is:

0-6"	10YR 4/2 silty loam
6-10"	10YR 4/2 silt
10+"	10YR 4/2 silty clay with <5% 5YR 4/6 mottles

Soil observations throughout the southwest area of the proposed expansion site proved very similar to one another. This was expected, as the area is uniformly sloped, is derived from the same parent material, and exhibits the same plant community throughout. No channel or even a lateral depression is present in this area. Plants in this area are primarily wheatgrass and sagebrush. A representative soil profile for this area is as follows:

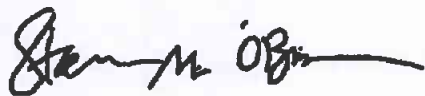
0-12"	7.5YR 4/4 sand/silt with no structure
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Additional areas were observed along the north and east of the proposed expansion site. However, these areas consist of mining development rock and/or steep slopes with no potential to contain wetlands.

CONCLUSION

Based on site-wide observations of soil, vegetation, and hydrologic indicators during the site visit, SWCA concludes that no wetlands or jurisdictional waterbodies are present within the surveyed portions of the Pandora Mine.

Sincerely,



Steve O'Brien

APPENDIX A

Aerial Photography of Review Area



23170AppendixA.mxd - Revised: 5/16/2012

Appendix A. Aerial photograph of review area (Corps blank).

APPENDIX B

Review Area with Photo Points



23170AppendixB.mxd - Revised: 5/16/2012

Appendix B. Aerial photograph of review area with photo points.

APPENDIX C
Ground-level Photographs

Site Photographs, taken June 25, 2009



Photo 1. View of the southern project area, showing the lowest part of the valley. No hydric soils present, no OHWM.



Photo 2. Typical view of the project area, facing south down the valley.



Photo 3. View of the northern project area, facing west and over the entrance road.



Photo 4. View of a small depression, the "wettest" part of the project area. No hydric soils present, no OHWM.



Photo 5. View of project area from eastern hillside, facing southwest.

APPENDIX D

Agent Authorization Letter, Property Ownership Documentation

May 31, 2012

U.S. Army Corps of Engineers
Regulatory Section
1970 E. 3rd Ave, Suite 109
Durango, Colorado 81301

Statement of Authorization

As representative of the Applicant (Denison Mines), I, Philip Buck
hereby designate and authorize SWCA Environmental Consultants (SWCA) to act on our
behalf as the agent for the attached preliminary jurisdictional water determination (JD)
and, if necessary, the agent for the Eng 4345 application under Section 404 of the Clean
Water Act and to furnish, upon request, supplemental information in support of this
delineation/application. Correspondence related to the project should be directed to
SWCA. If there are any questions concerning this authorization, please contact Devin
Keane at (602) 274-3831.

Philip Buck
Applicant Name (printed)


Applicant Signature

6/5/2012
Date

VP of Mining
Title